

**TOWNSHIP OF MUNISING, MICHIGAN**  
**FINANCIAL STATEMENTS**  
**For the Year Ended March 31, 2008**

## TABLE OF CONTENTS

Independent Auditors' Report .....	3
Management's Discussion and Analysis (Unaudited) .....	5
Statement of Net Assets .....	11
Statement of Activities .....	12
Governmental Funds – Balance Sheet .....	13
Reconciliation of the Balance Sheet of Governmental Funds To the Statement of Net Assets .....	14
Governmental Funds – Statement of Revenues, Expenditures and Changes in Fund Balance .....	15
Reconciliation of the Statement of Revenues, Expenditures and Changes In Fund Balances of Governmental Funds to the Statement of Activities .....	16
Fiduciary Funds – Statement of Net Assets.....	17
Notes to Financial Statements .....	18

### REQUIRED SUPPLEMENTAL FINANCIAL INFORMATION

General Fund – Budgetary Comparison Schedule.....	29
Fire Truck & Equipment Fund – Budgetary Comparison Schedule.....	30

### OTHER SUPPLEMENTAL INFORMATION

Major Governmental Funds – General Fund – Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual .....	32
Major Governmental Funds – Fire Truck & Equipment Fund – Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual .....	37
Fiduciary Funds – Combining Statement of Net Assets.....	38

### COMPLIANCE SUPPLEMENTS

Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards.....	40
Report to Management Letter.....	42



Anderson, Tackman & Company, PLC  
Certified Public Accountants  
Marquette, Michigan 906-225-1166  
Fax – 1-906-225-1714

Partners

John W. Blemberg, CPA

Robert J. Downs, CPA, CVA

Daniel E. Bianchi, CPA

INDEPENDENT AUDITORS' REPORT

Supervisor and Members of  
the Township Board of Trustees  
Township of Munising, Michigan  
Wetmore, Michigan 49895

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Township of Munising, Michigan, as of and for the year ended March 31, 2008, which collectively comprise the Township of Munising, Michigan's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Township of Munising, Michigan's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund and the aggregate remaining fund information of the Township of Munising, Michigan as of March 31, 2008, and the respective changes in financial position thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated August 19, 2008, on our consideration of the Township of Munising, Michigan's internal control over financial reporting and on our tests of its compliance with certain provision of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope

of our testing of internal control over financial reporting and compliance and the Honorable Supervisor and Members of the Township Board of Trustees  
Munising Township, Michigan

results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and important for assessing the results of our audit.

The management's discussion and analysis and budgetary comparison information on pages 5 through 10 and 29 and 30 are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Township of Munising, Michigan's basic financial statements. The combining and individual nonmajor fund financial statements and schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual nonmajor fund financial statements have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

*Anderson, Tackman & Company, PLLC*  
Certified Public Accountants

August 19, 2008

## TOWNSHIP OF MUNISING, MICHIGAN

### MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

Our discussion and analysis of the Township of Munising, Michigan's financial performance provides an overview of the Township's financial activities for the year ended March 31, 2008. Please read it in conjunction with the financial statements, which begin on page 11.

#### FINANCIAL HIGHLIGHTS

- Net assets for the Township as a whole increased by \$13,008 or 3 percent as a result of this year's operations.
- During the year, the Township had expenses for governmental activities that were \$450,203 and revenues of \$463,211.
- The General Fund reported a net fund balance of \$255,958. Net change in fund balance was \$23,550 higher than the forecasted decrease of \$14,618.

#### USING THIS ANNUAL REPORT

This annual report consists of a series of financial statements. The Statement of Net Assets and the Statement of Activities (on pages 11 and 12) provide information about the activities of the Township as a whole and present a longer-term view of the Township's finances. Fund financial statements start on page 13. For governmental activities, these statements tell how these services were financed in the short term as well as what remains for the future spending. Fund financial statements also report the Township's operations in more detail than the government-wide statements by providing information about the Township's most significant funds. The remaining statements provide financial information about activities for which the Township acts solely as a trustee or agent for the benefit of those outside the government.

#### **Reporting the Township as a Whole**

Our analysis of the Township as a whole begins on page 7. One of the most important questions asked about the Township's finances is "Is the Township as a whole better off or worse off as a result of the year's activities?" The Statement of Net Assets and the Statement of Activities report information about the Township as a whole and about its activities in a way that helps answer this question. These statements include all assets and liabilities using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid. These two statements report the Township's net assets and changes in them. You can think of the Township's net assets - the difference between assets and liabilities - as one way to measure the Township's financial health, or financial position. Over time, increases or decreases in the Township's net assets are one indicator of whether its financial health is improving or deteriorating. You will need to consider other non-financial factors, however, such as changes in the Township's patron base and the condition of the Township's capital assets, to assess the overall financial health of the Township.

## MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) (Continued)

In the Statement of Net Assets and the Statement of Activities, we divide the Township into two kinds of activities:

- **Governmental Activities** – Most of the Township's basic services are reported here, including the legislative, elections, public safety, public works, recreation and culture, community and economic development and general services and administration. Property taxes, charges for services and state sources fund most of these activities.
- **Business-Type Activities** – The Township charges a fee to customers to help it cover all or most of the cost of certain services it provides. The Township has no Business-Type Activities.

### Reporting the Township's Most Significant Funds

Our analysis of the Township of Munising, Michigan's major funds begins on page 8. The fund financial statements begin on page 13 and provide detailed information on the most significant funds – not the Township as a whole. Some funds are required to be established by State law and by bond covenants. However, the Township Board establishes many other funds to help it control and manage money for particular purposes or to show that it is meeting legal responsibilities for using taxes, grants, and other money. The Township of Munising, Michigan's two kinds of funds - *governmental* and *proprietary* - use different accounting approaches.

- **Governmental funds** – Most of the Township of Munising, Michigan's basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. These funds are reported using an accounting method called *modified accrual* accounting, which measures cash and all other financial assets that can be readily converted into cash. The governmental fund statements provide a detailed *short-term view* of the Township's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the Township of Munising, Michigan's programs. We describe the relationship (or differences) between governmental *activities* (reported in the Statement of Net Assets and Statement of Activities) and governmental *funds* in a reconciliation which follows the fund financial statements.
- **Proprietary funds** – When the Township of Munising, Michigan charges customers for the services it provides – whether to outside customers – these services are generally reported in proprietary funds. Proprietary funds are reported in the same way that all activities are reported in the Statement of Net Assets and the Statement of Activities. In fact, the Township of Munising, Michigan's enterprise funds (a component of proprietary funds) are the same as the business-type activities we report in the government-wide statements but provide more detail and additional information, such as cash flows, for proprietary funds. The Township of Munising, Michigan does not have any proprietary funds.

## MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) (Continued)

### The Township as Trustee

The Township of Munising, Michigan is the trustee, or fiduciary, for assets that – because of a trust arrangement – can be used only for the trust beneficiaries. All of the fiduciary activities are reported in separate Statements of Fiduciary Net Assets on page 17. We exclude these activities from the other financial statements because the Township of Munising, Michigan cannot use these assets to finance its operations.

The Township of Munising, Michigan is responsible for ensuring that the assets reported in these funds are used for their intended purposes.

### The Township as a Whole

Table I provides a summary of the Township's net assets as of March 31, 2008 and 2007.

Table 1 Net Assets		
	Governmental Activities – 2008	Governmental Activities – 2007
Current and other assets	\$ 367,539	\$ 346,802
Non-current assets	1,264,152	1,119,231
Total Assets	1,631,691	1,466,033
Current liabilities	51,849	36,266
Non-current liabilities	137,067	-
Total Liabilities	188,916	36,266
Net Assets:		
Invested in capital assets, net of related debt	1,085,976	1,090,784
Restricted	36,064	98,064
Unrestricted (deficit)	320,735	240,919
Total Net Assets	\$ 1,442,775	\$ 1,429,767

Net assets of the Township of Munising, Michigan's governmental activities stood at \$1,442,775. *Unrestricted* net assets—the part of net assets that could be used to finance day-to-day activities without constraints established by debt covenants, enabling legislation, or other legal requirements stood at \$320,735.

The \$320,735 in unrestricted net assets of governmental activities represents the accumulated results of all past years' operations. The operating results of the General Fund will have a significant impact on the change in unrestricted net assets from year to year.

The results of this year's operations for the Township of Munising, Michigan as a whole are reported in the Statement of Activities (see Table 2), which shows the changes in net assets for fiscal year 2008 and 2007.

## MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) (Continued)

Table 2  
Changes in Net Assets

	Governmental Activities – 2008	Governmental Activities – 2007
<b>Revenues:</b>		
Program Revenues:		
Charges for services	\$ 19,613	\$ 17,728
Operating Grants	14,902	48,637
Capital Grants	-	-
General Revenues:		
Property taxes	227,625	223,498
State Sources	184,406	184,608
Interest	6,683	5,262
Miscellaneous	9,982	11,476
Total Revenues	<u>463,211</u>	<u>491,209</u>
<b>Program Expenses:</b>		
Legislative	63,387	66,778
General Services and Administration	166,362	116,079
Public Safety	19,210	105,555
Public Works	18,604	20,727
Community & Economic Dev.	5,119	6,671
Recreation and Culture	65,016	81,941
Debt Service	90,000	-
Other	22,505	37,375
Total Expenses	<u>450,203</u>	<u>435,126</u>
Excess (deficiency) before transfers	13,008	56,083
Transfers	-	-
Increase (decrease) in net assets	13,008	56,083
Net assets, beginning	1,429,767	1,373,684
Net Assets, Ending	<u>\$ 1,442,775</u>	<u>\$ 1,429,767</u>

The Township of Munising, Michigan's total revenues were \$463,211. The total cost of all programs and services was \$450,203, creating an increase in net assets of \$13,008. Our analysis below separately considers the operations of governmental activities:

### ***Governmental Activities***

The net assets of the Township of Munising, Michigan's governmental activities increased \$13,008 for the year ended March 31, 2008.

The net income was made up from \$17,816 in from Governmental Funds net income, depreciation expense of \$105,345, reclassifying capital outlay to capital asset of \$250,266, reclassifying loan proceeds of \$248,859 and reclassifying principal payments of \$99,130.

### **THE TOWNSHIP'S FUNDS**

As the Township of Munising, Michigan completed the year, its governmental funds (as presented in the balance sheet on page 13 reported a *combined* fund balance of \$356,799 which is an increase of \$17,816 from the beginning of the year.



## MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) (Continued)

The \$17,816 in Government Fund Net Gain was due to \$97,212 collected under an approved 1.5 mill levy for the Fire Department and loan payments of \$81,053 for the fire truck, leaving a \$1,657 loss from all other activities.

### General Fund Budgetary Highlights

Over the course of the year, the Township of Munising, Michigan Board revised the budget a few times.

Amendments resulted in a net increase of \$66,113.

With these adjustments, actual charges to expenditures were \$142,221 less than the final amended budget. Revenues were \$52,558 less than the final budget projection.

Revenue was less than the budgeted level due to State Grant Monies not being received as anticipated, which had been budgeted for. Expenses were budgeted for the boardwalk project, which has been placed on hold along with street repairs which are currently on hold.

## CAPITAL ASSET AND DEBT ADMINISTRATION

### Capital Assets

At the end of the fiscal year, the Township of Munising, Michigan had \$1,264,152 invested in a variety of capital assets including land, buildings, and other equipment. (See table 3 below)

Table 3  
Capital Assets at Year-End (Net of Depreciation)

	Governmental Activities – 2008	Governmental Activities – 2007
Land	\$ 75,100	\$ 75,100
Land improvements	294,200	309,400
Buildings and improvements	473,725	491,250
Equipment and furnishings	421,127	243,481
	<u>\$ 1,264,152</u>	<u>\$ 1,119,231</u>

The Township of Munising, Michigan purchased a new Fire Truck totaling \$250,266, of which \$248,859 was paid through a loan. Depreciation expense for the year was \$105,345.

### Debt

At end of the fiscal year, the Township of Munising, Michigan had \$178,176 in loans outstanding as depicted in Table 4 below.

Table 4  
Outstanding Debt at Year-End

	Governmental Activities – 2008	Governmental Activities – 2007
Building Loan	\$ -	\$ 28,447
Fire Truck Loan	178,176	-
Total	<u>\$ 178,176</u>	<u>\$ 28,447</u>

## **MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) (Continued)**

The Township of Munising, Michigan had \$248,859 in new debt in the current year and made principal payments of \$99,130.

### **ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS**

In preparing the Township of Munising, Michigan's budget for the year ending March 31, 2009 we looked at the past year's budget and actual amounts, and did our budget for 2009 with some minor adjustments.

### **CONTACTING THE TOWNSHIP'S FINANCIAL MANAGEMENT**

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the Township of Munising, Michigan's finances and to show the township's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Township of Munising, Michigan, P.O. Box 42, Wetmore, MI 49895.

**Township of Munising, Michigan**

STATEMENT OF NET ASSETS

March 31, 2008

	<u>Primary Government Governmental Activities</u>
<b>ASSETS</b>	
Current Assets:	
Cash and investments	\$ 295,997
Receivables (net)	<u>71,542</u>
<b>TOTAL CURRENT ASSETS</b>	<u>367,539</u>
Non-current assets:	
Land and construction in progress	75,100
Other capital assets	1,991,942
Accumulated depreciation	<u>(802,890)</u>
Total Capital Assets	<u>1,264,152</u>
<b>TOTAL NON-CURRENT ASSETS</b>	<u>1,264,152</u>
<b>TOTAL ASSETS</b>	<u>1,631,691</u>
<b>LIABILITIES:</b>	
Current Liabilities:	
Accounts payable	-
Accrued liabilities	10,740
Deferred revenue	-
Current portion of loans payable	41,109
Other current liabilities	<u>-</u>
<b>TOTAL CURRENT LIABILITIES</b>	<u>51,849</u>
Non-current Liabilities:	
Loans payable	<u>137,067</u>
<b>TOTAL NON-CURRENT LIABILITIES</b>	<u>137,067</u>
<b>TOTAL LIABILITIES</b>	<u>188,916</u>
<b>NET ASSETS</b>	
Invested in capital assets net of related debt	1,085,976
Restricted for:	
Projects	36,064
Unrestricted	<u>320,735</u>
<b>TOTAL NET ASSETS</b>	<u>\$ 1,442,775</u>

The accompanying notes are an integral part of these financial statements.

**Township of Munising, Michigan**

**STATEMENT OF ACTIVITIES**

For the Fiscal Year Ended March 31, 2008

Function / Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government
					Governmental Activities
<b>Primary Government:</b>					
Governmental Activities:					
Legislative	\$ 63,387	\$ -	\$ -	\$ -	\$ (63,387)
General services and administration	166,362	-	10,600	-	(155,762)
Public safety	19,210	-	4,302	-	(14,908)
Public works	18,604	17,898	-	-	(706)
Community and economic development	5,119	1,715	-	-	(3,404)
Recreation and culture	65,016	-	-	-	(65,016)
Debt Service	90,000	-	-	-	(90,000)
Other	22,505	-	-	-	(22,505)
Total Governmental Activities	450,203	19,613	14,902	-	(415,688)
<b>TOTAL PRIMARY GOVERNMENT</b>	<b>\$ 450,203</b>	<b>\$ 19,613</b>	<b>\$ 14,902</b>	<b>\$ -</b>	<b>\$ (415,688)</b>
General Revenues:					
Taxes					227,625
Unrestricted State sources					184,406
Interest and investment earnings					6,683
Miscellaneous					9,982
Transfers					-
<b>TOTAL GENERAL REVENUES AND TRANSFERS</b>					428,696
<b>CHANGE IN NET ASSETS</b>					13,008
Net assets, beginning of year					1,429,767
<b>NET ASSETS, END OF YEAR</b>					<b>\$ 1,442,775</b>

The accompanying notes are an integral part of these financial statements.

**Township of Munising, Michigan**

**GOVERNMENTAL FUNDS**

**BALANCE SHEET**

March 31, 2008

	<b>General Fund</b>	<b>Fire Truck &amp; Equipment Fund</b>	<b>Total Governmental Funds</b>
<b>ASSETS</b>			
Cash and equivalents	\$ 205,928	\$ 90,069	\$ 295,997
Receivables	9,302	-	9,302
Taxes receivable	8,386	10,772	19,158
Due from state	43,082	-	43,082
Due from other funds	-	-	-
<b>TOTAL ASSETS</b>	<u>\$ 266,698</u>	<u>\$ 100,841</u>	<u>\$ 367,539</u>
<b>LIABILITIES AND FUND BALANCE</b>			
<b>LIABILITIES:</b>			
Accounts payable	\$ -	-	\$ -
Due to other funds	-	-	-
Accrued payroll and related	10,740	-	10,740
Deferred revenue	-	-	-
<b>TOTAL LIABILITIES</b>	<u>10,740</u>	<u>-</u>	<u>10,740</u>
<b>FUND BALANCE:</b>			
Restricted for:			
Fire truck / equipment	-	100,841	100,841
Cemetery	500	-	500
Recreation	14,783	-	14,783
Road improvements	20,781	-	20,781
Unreserved, reported in:			
General fund	219,894	-	219,894
<b>TOTAL FUND BALANCE</b>	<u>255,958</u>	<u>100,841</u>	<u>356,799</u>
<b>TOTAL LIABILITIES AND FUND BALANCE</b>	<u>\$ 266,698</u>	<u>\$ 100,841</u>	<u>\$ 367,539</u>

The accompanying notes are an integral part of these financial statements.

**Township of Munising, Michigan**

**RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS  
TO THE STATEMENT OF NET ASSETS**

March 31, 2008

<b>Total Fund Balances for Governmental Funds</b>		<b>\$</b>	<b>356,799</b>
<i>Amounts reported for governmental activities in the statement of net assets are different because:</i>			
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds			1,264,152
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.			
Current portion of bonds payable	\$	41,109	
Bonds payable		<u>137,067</u>	<u>(178,176)</u>
<b>NET ASSETS OF GOVERNMENTAL ACTIVITIES</b>		<b>\$</b>	<b><u>1,442,775</u></b>

The accompanying notes are an integral part of these financial statements.

**Township of Munising, Michigan**

**GOVERNMENTAL FUNDS**

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**

For the Fiscal Year Ended March 31, 2008

	<b>General Fund</b>	<b>Fire Truck &amp; Equipment Fund</b>	<b>Total Governmental Funds</b>
<b>REVENUES:</b>			
Taxes	\$ 130,413	\$ 97,212	\$ 227,625
Licenses and permits	-	-	-
Federal sources	-	-	-
State sources	188,708	-	188,708
Local sources	10,600	-	10,600
Charges for services	19,613	-	19,613
Interest	3,976	2,707	6,683
Other	9,982	-	9,982
<b>TOTAL REVENUES</b>	<b>363,292</b>	<b>99,919</b>	<b>463,211</b>
<b>EXPENDITURES:</b>			
Current operations:			
Legislative	63,387	-	63,387
General services and administration	147,937	-	147,937
Public safety	48,460	1,035	49,495
Public works	18,604	-	18,604
Community and economic development	5,119	-	5,119
Recreation and culture	46,941	-	46,941
Other	22,505	-	22,505
Capital outlay	1,407	248,859	250,266
Debt service	-	90,000	90,000
<b>TOTAL EXPENDITURES</b>	<b>354,360</b>	<b>339,894</b>	<b>694,254</b>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>8,932</b>	<b>(239,975)</b>	<b>(231,043)</b>
<b>OTHER FINANCING SOURCES (USES):</b>			
Loan proceeds	-	248,859	248,859
Transfers in	-	-	-
Transfers (out)	-	-	-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>-</b>	<b>248,859</b>	<b>248,859</b>
<b>CHANGE IN FUND BALANCE</b>	<b>8,932</b>	<b>8,884</b>	<b>17,816</b>
Fund balance, beginning of year	247,026	91,957	338,983
<b>FUND BALANCE, END OF YEAR</b>	<b>\$ 255,958</b>	<b>\$ 100,841</b>	<b>\$ 356,799</b>

The accompanying notes are an integral part of these financial statements.

**Township of Munising, Michigan**

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES**

For the Fiscal Year Ended March 31, 2008

<b>Net Change in Fund Balances - Total Governmental Funds</b>	<b>\$</b>	<b>17,816</b>
---	-----------	---------------

*Amounts reported for governmental activities in the statement  
of activities are different because:*

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.

Capital outlays	\$	250,266	
Depreciation expense		(105,345)	
			144,921

Proceeds from debt issues are an other financing source in the funds, but a debt issue increases long-term liabilities in the statement of net assets.	(248,859)
--	-----------

Repayment of loan principal is an expenditure in the governmental funds but the repayment reduces long-term liabilities in the statement of net assets.	99,130
---	--------

<b>CHANGE IN NET ASSETS OF GOVERNMENTAL ACTIVITIES</b>	<b>\$</b>	<b>13,008</b>
--	-----------	---------------

The accompanying notes are an integral part of these financial statements.



**Township of Munising, Michigan**

**FIDUCIARY FUNDS**

**STATEMENT OF FIDUCIARY NET ASSETS**

March 31, 2008

	<u>Agency Funds</u>
<b>ASSETS:</b>	
Cash and investments	\$ -
<b>TOTAL ASSETS</b>	<u><u>\$ -</u></u>
<b>LIABILITIES:</b>	
Due to other funds	\$ -
Due to others	-
<b>TOTAL LIABILITIES</b>	<u><u>\$ -</u></u>

The accompanying notes are an integral part of these financial statements.

## **TOWNSHIP OF MUNISING, MICHIGAN**

### **NOTES TO FINANCIAL STATEMENTS**

March 31, 2008

#### **NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:**

The financial statements of the Township of Munising, Michigan have been prepared in accordance with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations). Governments are also required to follow the pronouncements of the Financial Accounting Standards Board (FASB) issued through November 30, 1989 (when applicable) that do not conflict with or contradict GASB pronouncements. The more significant of these accounting policies established in GAAP and used by the Township are described below.

##### **(1) REPORTING ENTITY**

The Township of Munising, Michigan's financial statements present the Township of Munising, Michigan (the primary government). In evaluating the Township of Munising, Michigan as a reporting entity, management has addressed all potential component units (traditionally separate reporting units) for which the Township of Munising, Michigan may or may not be financially accountable and, as such, be includable within the financial statements.

##### **(2) BASIC FINANCIAL STATEMENTS – GOVERNMENT-WIDE FINANCIAL STATEMENTS**

The Township of Munising, Michigan's basic financial statements include both government-wide (reporting the Township as a whole) and fund financial statements (reporting the Township's major funds). Both the government-wide and fund financial statements categorize primary activities as either governmental or business-type. The Township's legislative, public works, public safety, community and economic development, recreation and culture and general services and administration are classified as governmental activities. The Township of Munising, Michigan does not have any activity that is classified as business-type activities.

In the government-wide Statement of Net Assets, both the governmental activities columns are presented on a consolidated basis by column and are reported on a full accrual, economic resource basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations. The Township's net assets are reported in three parts – invested in capital assets, net of related debt; restricted net assets; and unrestricted net assets. The Township first utilizes restricted resources to finance qualifying activities.

## NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):

The government-wide Statement of Activities reports both the gross and net cost of each of the Township of Munising, Michigan's functions and business-type activities. The functions are also supported by general government revenues (property, sales and use taxes, certain intergovernmental revenues, fines, permits and charges, etc.)

The Statement of Activities reduces gross expenses (including depreciation) by related program revenues, operating and capital grants. Program revenues must be directly associated with the function or a business-type activity. Operating grants include operating-specific and discretionary (either operating or capital) grants while the capital grants column reflects capital-specific grants. The net costs (by function or business-type activity) are normally covered by general revenue.

The government-wide focus is more on the sustainability of the Township of Munising, Michigan as an entity and the change in the Township of Munising, Michigan's net assets resulting from the current year's activities. For the most part, the effect of interfund activities has been removed from these statements.

### (3) BASIC FINANCIAL STATEMENTS – FUND FINANCIAL STATEMENTS

The financial transactions of the Township are reported in individual funds in the fund financial statements. Each fund is accounted for by providing a separate set of self-balancing accounts that comprises its assets, liabilities, reserves, fund equity, revenues and expenditures/expenses. The various funds are reported by generic classification within the financial statements.

The following fund types are used by the Township:

#### ***Governmental Funds***

The focus of the governmental funds' measurement (in the fund statements) is upon determination of financial position (sources, uses, and balances of financial resources) rather than upon net income. The following is a description of the governmental funds of the Township:

- ***General Fund*** – General Fund is the general operating fund and, accordingly, it is used to account for all financial resources except those required to be accounted for in another fund.
- ***Fire Truck and Equipment Fund*** – Fire Fund is a Special Revenue Fund type used to account for financial resources to be used for the expenditures related to Fire management services.

#### ***Fiduciary Funds***

Fiduciary funds are used to report assets held in a trustee or agency capacity for others and therefore are not available to support Township programs. The agency fund is custodial in nature and does not present results of operations or have a measurement focus.

## NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):

The emphasis in fund financial statements is on the major funds in either the governmental or business-type activities categories. Nonmajor funds by category are summarized into a single column. GASB Statement No. 34 sets forth minimum criteria (percentage of the assets, liabilities, revenues or expenditures/expenses of either fund category or the governmental and enterprise combined) for the determination of major funds.

The Township reports the following major governmental funds:

The **General Fund** is the Township's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The **Fire Truck and Equipment Fund** is a Special Revenue Fund. It accounts for financial resources to be used for the expenditures related to Fire management services.

The Township's fiduciary funds are presented in the fiduciary fund financial statements by type (agency). Since by definition these assets are being held for the benefit of a third party (other local governments, private parties, etc.) and cannot be used to address activities or obligations of the Township, these funds are not incorporated into the government-wide statements.

### (4) BASIS OF ACCOUNTING

Basis of accounting refers to the point at which revenues or expenditures/expenses are recognized in the accounts and reported in the financial statements. It relates to the timing of the measurements made regardless of the measurement focus applied.

#### ***Accrual***

Both governmental and business-type activities in the government-wide financial statements and the proprietary and fiduciary fund financial statements are presented on the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenues as soon as all eligibility requirements imposed by the provider have been met.

#### ***Modified Accrual***

The governmental funds financial statements are presented on the modified accrual basis of accounting. Under the modified basis of accounting, revenues are recorded when they are both measurable and available. "Available" means collectible within the current period or within 60 days of the end of the current fiscal period. Expenditures are generally recognized under the modified accrual basis of accounting when the related liability is incurred. However, debt service

## NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):

expenditures, compensated absences, and claims and judgments are recorded only when payment is due.

### (5) FINANCIAL STATEMENT AMOUNTS

**Budgets and Budgetary Accounting** – The Township follows these procedures in establishing the budgetary data reflected in the financial statements:

- a. The Township Supervisor submits to the Township Board of Trustees a proposed operating budget for the fiscal year commencing the following April 1. The operating budget includes proposed expenditures and the means of financing them.
- b. Numerous opportunities exist for public comment during the budget process including at least two formal public hearings conducted at the Township Hall to obtain taxpayer comment.
- c. Pursuant to statute, prior to March 31 of each year the budget for the ensuing year is legally enacted through adoption of an Annual General Appropriations Act.
- d. The general statute governing Township budgetary activity is the State of Michigan Uniform Budgeting and Accounting Act. In addition to the provisions of the said Act and Board policy, general statements concerning the Board's intent regarding the administration of each year's budget are set out in the Annual General Appropriations Act. The Munising Township Board of Trustees, through policy action, specifically directs the Supervisor not to authorize or participate in any expenditure of funds except as authorized by the Annual General Appropriations Act. The Board recognized that, in addition to possible Board sanctions for willful disregard of this policy, State statutes provide for civil liability for violations of the Annual General Appropriations Act.
- e. The Supervisor is authorized by means of Township policy to make certain transfers:
  1. The Supervisor receives a request for a budget transfer from the head of the department whose budget is to be affected. Such request must specify the necessity for the transfer, the account name and/or group(s) and amount to be affected within prescribed limitations. Transfers in excess of those limitations must be approved by the Board of Trustees.
  2. The following considerations must be reviewed in determination of transfer approvals:
    - a. Are the transfers consistent with the intent of the Board of Trustees in adopting the annual budget?
    - b. Will the transfer maintain the financial integrity of the Township?
    - c. Will the transfer provide a reasonable solution to the departmental operating problem?

Considering the above, the Supervisor will then decide whether or not the transfer should be made.

## NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):

Supplemental appropriations are submitted to and reviewed by the Supervisor and submitted to the Township Board of Trustees for their review and approval. If approved, they are implemented by the Supervisor through a budget revision.

- f. The Township of Munising, Michigan adopts its Annual Budget on a departmental basis. At each level of detail, governmental operations are summarized into expenditure account groups. Funding sources are also identified and adopted at each level of detail. Budgetary controls exist at the most detailed level adopted by the Board of Trustees, i.e., department for analytical purposes. A detailed line item breakdown is prepared for each program. Accounting, i.e., classification control, resides at the line item detail level.
- g. Budgets for the General Funds were adopted in substance on an accrual basis which is consistent with generally accepted accounting principles. Budgeted amounts as reported in the Financial Report are as originally adopted and/or amended by the Township Board of Trustees.

***Cash Equivalents and Investments*** – For the purposes of balance sheet classification and the statement of cash flows, cash and equivalents consist of demand deposits, cash in savings, money market accounts and short-term certificates of deposit with original maturity of three months or less. Investments are carried at fair value.

***Capital Assets*** – Capital assets, which include property, plant, equipment and infrastructure assets (e.g. streets, bridges, and sidewalks), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the Township as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of five years.

All capital assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Donated capital assets are valued at their fair value on the date donated. Depreciation on all exhaustible capital assets is charged as an expense against their operations in government-wide statements and proprietary financial statements. Accumulated depreciation is reported on government-wide and proprietary statement of net assets. Depreciation has been provided over the estimated useful lives using the straight-line method. The estimated useful lives are as follows:

Land improvements	25 years
Building, structures and improvements	25-40 years
Equipment	5 years
Water and Sewage System	20-50 years
Vehicles	5-10 years
Infrastructure	20-50 years

## NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):

***Long-Term Liabilities*** – In the government-wide financial statements and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities and business-type activities or proprietary fund type statement of net assets. In the fund financial statements, the face amount of debt issued is reported as other financing sources.

***Estimates*** – The preparation of financial statements in conformity with generally accepted accounting principles requires the use of estimates and assumptions that affect the reporting of certain assets, liabilities, revenues, and expenditures. Actual results may differ from estimated amounts.

***Property Taxes*** – Property taxes are levied as of December 1 of each year and are due by the last day of the following March. The taxes are collected by the local unit and periodically remitted to the third parties during the collection period.

***Compensated Absences*** – The Township accrues accumulated unpaid vacation and sick leave days and associated employee-related costs when earned (or estimated to be earned) by the employee. The noncurrent portion (the amount estimated to be used in subsequent fiscal years) for governmental funds is maintained separately and represents a reconciling item between the fund and government-wide presentations.

***Deferred Revenues*** – Deferred revenues are those where asset recognition criteria have been met, but for which revenue recognition criteria have not been met.

***Interfund Activity*** – Interfund activity is reported as either, loans, services provided reimbursements or transfers. Loans are reported as interfund receivables and payables as appropriate and are subject to elimination upon consolidation. Services provided, deemed to be at market or near market rates, are treated as revenues and expenditures/expenses. Reimbursements occur when one fund incurs a cost, charges the appropriate benefiting fund and reduces its related cost as a result of the reimbursement. All other interfund transactions are treated as transfers. Transfers between governmental or proprietary funds are netted as part of the reconciliation to the government-wide financial statements.

## NOTE B – DEPOSITS AND INVESTMENTS:

### Cash Equivalents

The following is a reconciliation of cash and investments for both the unrestricted and restricted assets for the primary government from the Statement of Net Assets:

	Primary Government	Fiduciary Funds	Total
Unrestricted:			
Cash and cash equivalents	\$ 295,997	\$ -	\$ 295,997
Investments	-	-	-
	<u>295,997</u>	<u>-</u>	<u>295,997</u>
Restricted:			
Cash and cash equivalents	-	-	-
Investments	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>
TOTALS	<u>\$ 295,997</u>	<u>\$ -</u>	<u>\$ 295,997</u>

### *Custodial Credit Risk – Deposits*

Custodial credit risk is the risk that in the event of a bank failure, the Township's deposits may not be returned to it. State law does not require and the Township does not have a deposit policy for custodial credit risk. The carrying amount of the primary government and fiduciary fund's deposits with financial institutions was \$295,997 and the bank balance was \$296,781. The bank balance is categorized as follows:

Amount insured by the FDIC	\$ 110,624
Uncollateralized and uninsured	<u>186,157</u>
TOTAL	<u>\$ 296,781</u>

### Investments

As of March 31, 2008, the Township did not have any investments.

### *Interest Rate Risk*

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of the Township's investments. The Township does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

### *Credit Risk*

Michigan statutes (Act 196, PA 1997) authorize the Township to invest in bonds, other direct obligations and repurchase agreements of the United States, certificates of deposits, savings accounts, deposit accounts or receipts of a bank which is a member of the FDIC and authorized to operate in this state, commercial paper rated at the time of purchase within the two highest classifications established by not less than two standard rating services and matures within 270 days from date of purchase, bankers' acceptances of the United States banks, obligations of the State of Michigan and its political subdivisions, external investment pools, and certain mutual funds. Michigan law prohibits security in the form of collateral, surety bond, or another form for the deposit of public money.



**NOTE B – DEPOSITS AND INVESTMENTS (Continued):**

The Township has no investment policy that would further limit its investment choices. The Township's investments are rated as noted above. Ratings are not required for the Township's investment in equity-type funds. The Township's investments are in accordance with statutory authority.

*Concentration of Credit Risk*

The Township places no limit on the amount the Township may invest in any one issuer.

**NOTE C – INTERFUND BALANCES:**

		Transfers (Out)	
		Fire Truck and Equipment Fund	Total
	General Fund	\$ -	\$ -
Transfers In	Total	\$ -	\$ -

Transfers are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them and (2) moves receipts restricted to debt service from the funds collecting the receipts to the debt service funds as debt service payments become due, and (3) use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

**NOTE D – CAPITAL ASSETS:**

A summary of the capital assets of the Governmental Activities is as follows:

	Balance at April 1, 2007	Additions	Disposals	Balance at March 31, 2008
GOVERNMENTAL ACTIVITIES:				
Land	\$ 75,100	\$ -	\$ -	\$ 75,100
Total Capital Assets, not being depreciated	75,100	-	-	75,100
Land improvements	390,000	-	-	390,000
Buildings and improvements	701,000	-	-	701,000
Furniture and equipment	650,676	250,266	-	900,942
Total Capital Assets being depreciated	1,741,676	250,266	-	1,991,942
Less Accumulated Depreciation:				
Land improvements	(80,600)	(15,200)	-	(95,800)
Buildings and improvements	(209,750)	(17,525)	-	(227,275)
Furniture and equipment	(407,195)	(72,620)	-	(479,815)
Total Accumulated Depreciation	(697,545)	(105,345)	-	(802,890)
Governmental Activities Capital Assets, Net	\$ 1,119,231	\$ 144,921	\$ -	\$ 1,264,152

**NOTE D – CAPITAL ASSETS: (Continued)**

A depreciation expense for the governmental activities was charged to the following functions and activities of the primary government:

General and Administrative	\$ 18,425
Public Safety	68,845
Recreation and Culture	18,075
Total	<u>\$ 105,345</u>

**NOTE E – LONG-TERM DEBT:**

	Principal	Interest	Total
2008-2009	\$ 41,109	\$ 8,891	\$ 50,000
2009-2010	43,160	6,840	50,000
2010-2011	45,314	4,686	50,000
2011-2012	48,593	2,425	51,018
TOTALS	<u>\$ 178,176</u>	<u>\$ 22,842</u>	<u>\$ 201,018</u>

The Note was originally issued for \$248,859 and dated November 15, 2007 for the purchase of a new Fire Truck with payments due annually on November 15<sup>th</sup> and bears a 4.83% interest rate.

Changes in long-term debt principal during the period ended March 31, 2008 are summarized as follows:

	April 1, 2007	Additions	Subtractions	March 31, 2008	Due Within 1 Year
<b>Governmental Activities:</b>					
Building Loan	\$ 28,447	\$ -	\$ 28,447	\$ -	\$ -
Fire Truck Loan	-	248,859	70,683	178,176	41,109
Total Governmental Activities	<u>28,447</u>	<u>248,859</u>	<u>99,130</u>	<u>178,176</u>	<u>41,109</u>
TOTAL PRIMARY GOVERNMENT LONG-TERM DEBT	<u>\$ 28,447</u>	<u>\$ 248,859</u>	<u>\$ 99,130</u>	<u>\$ 178,176</u>	<u>\$ 41,109</u>

**NOTE F – PROPERTY TAXES:**

The Township's property tax is levied on each December 1<sup>st</sup> on the taxable valuation of property (as defined by State statutes) located in the Local Governmental Unit as of the preceding December 31<sup>st</sup>.

Although the Township's 2007 ad valorem tax is levied and collectible on December 1, 2007, it is the Local Township's policy to recognize revenue from the current tax levy in the current year when the proceeds of this levy are budgeted and made "available" for the financing of operations. "Available" means collected within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period (60) days.

The 2007 taxable valuation of the Township totaled \$65,515,229, on which ad valorem taxes levied consisted of .8934 mills for the Local Governmental Unit operation purposes which is recognized in the General Fund financial statements as revenue, and voted taxes levied consisted of 1.4940 mills for the purchase of a fire truck and fire-fighting equipment which is recognized in the Fire Truck and Equipment Fund statements as revenue.

## NOTE G – CONTINGENT LIABILITIES:

Risk Management - The Township is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Township has obtained commercial insurance to handle its risk of loss.

## NOTE H – EXCESS EXPENDITURES OVER APPROPRIATIONS:

Public Act 621 of 1978, Section 18 (1), as amended, provides that a Township shall not incur expenditures in excess of the amount appropriated. In the body of the financial statements, the Townships actual expenditures and budgeted expenditures for the General Fund and Special Revenue Funds have been shown on a functional basis.

The approved budgets to the Township General and Special Revenue Funds were adopted on an activity and/or program level. During the year ended March 31, 2008, the Township incurred functional expenditures which were in excess of the amounts appropriated as follows:

Fund	Final Amended Budget	Expenditure	Variance
General:			
Board of Review	\$ 1,000	\$ 2,838	\$ 1,838
Fire Truck and Equipment:			
Public Safety	-	1,035	1,035
Capital Outlay	-	248,859	248,859
Debt Service	-	90,000	90,000

Public Act 2 of 1968 provides the minimum information requirements to be established for a local unit of government's adopted budget for the General Fund and Special Revenue Funds, which includes:

- Estimate of expected beginning surplus or deficit
- Estimate of required expenditures
- Estimate of revenues by revenue source
- Estimate of amounts needed for deficiency
- Estimate for contingent or emergency purposes
- Estimate of expected ending surplus or deficit.

The Township of Munising, Michigan was found to be in violation of Public Act 2 of 1968 as no budget was adopted for the Fire Truck and Equipment Fund, a Special Revenue Fund, for the year ended March 31, 2008.

**REQUIRED SUPPLEMENTAL  
FINANCIAL INFORMATION**

**Township of Munising, Michigan**

**GENERAL FUND**

**BUDGETARY COMPARISON SCHEDULE**

For the Fiscal Year Ended March 31, 2008

	<b>Budgeted Amounts</b>		<b>Actual GAAP Basis</b>	<b>Variance with Final Budget Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>		
<b>REVENUES:</b>				
Taxes	\$ 112,000	\$ 112,000	\$ 130,413	\$ 18,413
Federal sources	-	-	-	-
State sources	244,000	244,000	188,708	(55,292)
Local sources	9,000	9,000	10,600	1,600
Charges for services	17,500	17,500	19,613	2,113
Interest and rents	3,500	3,500	3,976	476
Other revenues	17,850	29,850	9,982	(19,868)
<b>TOTAL REVENUES</b>	<b>403,850</b>	<b>415,850</b>	<b>363,292</b>	<b>(52,558)</b>
<b>EXPENDITURES:</b>				
Legislative	70,000	70,000	63,387	6,613
General services and administration	174,050	175,550	147,937	27,613
Public safety	60,000	60,000	48,460	11,540
Public works	39,000	39,000	18,604	20,396
Community and economic development	9,000	9,000	5,119	3,881
Recreation and culture	87,731	76,231	46,941	29,290
Capital outlay	6,000	6,000	1,407	4,593
Other	38,800	60,800	22,505	38,295
<b>TOTAL EXPENDITURES</b>	<b>484,581</b>	<b>496,581</b>	<b>354,360</b>	<b>142,221</b>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>(80,731)</b>	<b>(80,731)</b>	<b>8,932</b>	<b>89,663</b>
<b>OTHER FINANCING SOURCES (USES):</b>				
Loan proceeds	-	-	-	-
Transfers in (out)	-	66,113	-	(66,113)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>-</b>	<b>66,113</b>	<b>-</b>	<b>(66,113)</b>
<b>CHANGE IN FUND BALANCE</b>	<b>(80,731)</b>	<b>(14,618)</b>	<b>8,932</b>	<b>23,550</b>
Fund balance, beginning of year	247,026	247,026	247,026	-
<b>FUND BALANCE, END OF YEAR</b>	<b>\$ 166,295</b>	<b>\$ 232,408</b>	<b>\$ 255,958</b>	<b>\$ 23,550</b>

**Township of Munising, Michigan**

**FIRE TRUCK & EQUIPMENT FUND**

**BUDGETARY COMPARISON SCHEDULE**

For the Fiscal Year Ended March 31, 2008

	<b>Budgeted Amounts</b>		<b>Actual</b>	<b>Variance with</b>
	<b>Original</b>	<b>Final</b>	<b>GAAP</b>	<b>Final Budget</b>
			<b>Basis</b>	<b>Positive</b>
				<b>(Negative)</b>
<b>REVENUES:</b>				
Taxes	\$ -	\$ -	\$ 97,212	\$ 97,212
Federal sources	-	-	-	-
State sources	-	-	-	-
Local sources	-	-	-	-
Charges for services	-	-	-	-
Interest and rents	-	-	2,707	2,707
Other revenues	-	-	-	-
<b>TOTAL REVENUES</b>	-	-	99,919	99,919
<b>EXPENDITURES:</b>				
Legislative	-	-	-	-
General services and administration	-	-	-	-
Public safety	-	-	1,035	(1,035)
Public works	-	-	-	-
Community and economic development	-	-	-	-
Recreation and culture	-	-	-	-
Capital Outlay	-	-	248,859	(248,859)
Debt Service	-	-	90,000	(90,000)
Other	-	-	-	-
<b>TOTAL EXPENDITURES</b>	-	-	339,894	(339,894)
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	-	-	(239,975)	(239,975)
<b>OTHER FINANCING SOURCES (USES):</b>				
Loan Proceeds	-	-	248,859	248,859
Transfers in	-	-	-	-
Transfers (out)	-	-	-	-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	-	-	248,859	248,859
<b>CHANGE IN FUND BALANCE</b>	-	-	8,884	8,884
Fund balance, beginning of year	91,957	91,957	91,957	-
<b>FUND BALANCE, END OF YEAR</b>	<u>\$ 91,957</u>	<u>\$ 91,957</u>	<u>\$ 100,841</u>	<u>\$ 8,884</u>

## Other Supplemental Information

**Township of Munising, Michigan**

**MAJOR GOVERNMENTAL FUNDS  
GENERAL FUND**

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -  
BUDGET AND ACTUAL**

For the Fiscal Year Ended March 31, 2008

	Final Budget	Actual GAAP Basis	Variance with Final Budget Positive (Negative)
<b>REVENUES:</b>			
Taxes:			
Current levy	\$ 75,000	\$ 51,687	\$ (23,313)
Delinquent taxes	-	8,386	8,386
Commercial forest reserve	36,000	6,305	(29,695)
Swamp tax	-	36,372	36,372
National forest reserve	-	-	-
Payment in-lieu of tax	-	5,702	5,702
Tax collection fees	1,000	21,961	20,961
Total Taxes	112,000	130,413	18,413
Federal Sources:			
Grants	-	-	-
Total Federal Sources	-	-	-
State Sources:			
State revenue sharing	184,000	184,406	406
Annual maintenance	-	-	-
Grants	60,000	4,302	(55,698)
Total State Sources	244,000	188,708	(55,292)
Local Sources:			
2% gaming monies	3,500	5,000	1,500
School contract	5,500	5,600	100
Total Local Sources	9,000	10,600	1,600
Charges for Services:			
Zoning	2,500	1,715	(785)
Landfill	15,000	17,898	2,898
Total Charges for Services	17,500	19,613	2,113
Interest and Rents:			
Interest	1,000	1,801	801
Rents	2,500	2,175	(325)
Total Interest and Rents	3,500	3,976	476
Other Revenues:			
Miscellaneous other	29,850	9,982	(19,868)
Total Other Revenues	29,850	9,982	(19,868)
<b>TOTAL REVENUES</b>	<b>415,850</b>	<b>363,292</b>	<b>(52,558)</b>



**Township of Munising, Michigan**

**MAJOR GOVERNMENTAL FUNDS  
GENERAL FUND**

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -  
BUDGET AND ACTUAL**

For the Fiscal Year Ended March 31, 2008

	Final Budget	Actual GAAP Basis	Variance with Final Budget Positive (Negative)
<b>EXPENDITURES:</b>			
<b>LEGISLATIVE:</b>			
Board of Commissioners:			
Personnel services	\$ 70,000	\$ 9,051	\$ 60,949
Supplies	-	969	(969)
Other services and charges	-	53,367	(53,367)
<b>TOTAL LEGISLATIVE</b>	<u>70,000</u>	<u>63,387</u>	<u>6,613</u>
<b>GENERAL SERVICES AND ADMINISTRATION:</b>			
Supervisor:			
Personnel services	19,000	12,104	6,896
Supplies	-	78	(78)
Other services and charges	-	1,093	(1,093)
Total Supervisor	<u>19,000</u>	<u>13,275</u>	<u>5,725</u>
Clerk:			
Personnel services	31,000	26,554	4,446
Supplies	-	1,088	(1,088)
Other services and charges	-	878	(878)
Total Clerk	<u>31,000</u>	<u>28,520</u>	<u>2,480</u>
Audit and Legal:			
Personnel services	-	-	-
Supplies	-	-	-
Other services and charges	8,000	6,378	1,622
Total Audit and Legal	<u>8,000</u>	<u>6,378</u>	<u>1,622</u>
Board of Review:			
Personnel services	1,000	2,587	(1,587)
Supplies	-	-	-
Other services and charges	-	251	(251)
Total Board of Review	<u>1,000</u>	<u>2,838</u>	<u>(1,838)</u>
Treasurer:			
Personnel services	29,000	16,423	12,577
Supplies	-	1,761	(1,761)
Other services and charges	-	4,698	(4,698)
Total Treasurer	<u>29,000</u>	<u>22,882</u>	<u>6,118</u>

**Township of Munising, Michigan**

**MAJOR GOVERNMENTAL FUNDS  
GENERAL FUND**

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -  
BUDGET AND ACTUAL**

For the Fiscal Year Ended March 31, 2008

	Final Budget	Actual GAAP Basis	Variance with Final Budget Positive (Negative)
Assessor:			
Personnel services	\$ 30,000	\$ 21,000	\$ 9,000
Supplies	-	1,127	(1,127)
Other services and charges	-	5,343	(5,343)
Total Assessor:	30,000	27,470	2,530
Elections:			
Personnel services	6,050	2,950	3,100
Supplies	-	1,751	(1,751)
Other services and charges	-	749	(749)
Total Elections	6,050	5,450	600
Township Hall and Grounds:			
Personnel services	50,000	2,544	47,456
Supplies	-	2,440	(2,440)
Other services and charges	-	7,816	(7,816)
Debt service	-	27,299	(27,299)
Total Township Hall and Grounds	50,000	40,099	9,901
Cemetery:			
Personnel services	1,500	369	1,131
Supplies	-	170	(170)
Other services and charges	-	486	(486)
Total Cemetery	1,500	1,025	475
<b>TOTAL GENERAL SERVICES AND ADMINISTRATION</b>	<b>175,550</b>	<b>147,937</b>	<b>27,613</b>
<b>PUBLIC SAFETY:</b>			
Fire Department:			
Personnel services	60,000	25,441	34,559
Supplies	-	766	(766)
Other services and charges	-	22,253	(22,253)
Debt service	-	-	-
Total Fire Department	60,000	48,460	11,540
<b>TOTAL PUBLIC SAFETY</b>	<b>60,000</b>	<b>48,460</b>	<b>11,540</b>

**Township of Munising, Michigan**

**MAJOR GOVERNMENTAL FUNDS  
GENERAL FUND**

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -  
BUDGET AND ACTUAL**

For the Fiscal Year Ended March 31, 2008

	Final Budget	Actual GAAP Basis	Variance with Final Budget Positive (Negative)
<b>PUBLIC WORKS:</b>			
Streets:			
Personnel services	\$ -	\$ 63	(63)
Other services and charges	20,000	2,204	17,796
Total Streets	20,000	2,267	17,733
Streetlights:			
Other services and charges	16,000	14,286	1,714
Total Refuse Collection	16,000	14,286	1,714
Sanitation:			
Other services and charges	3,000	2,051	949
Total Refuse Collection	3,000	2,051	949
<b>TOTAL PUBLIC WORKS</b>	39,000	18,604	20,396
<b>COMMUNITY AND ECONOMIC DEVELOPMENT:</b>			
Planning and Zoning Commission:			
Personnel services	9,000	3,830	5,170
Supplies	-	-	-
Other services and charges	-	1,289	(1,289)
Total Planning and Zoning Commission	9,000	5,119	3,881
<b>TOTAL COMMUNITY AND ECONOMIC DEVELOPMENT</b>	9,000	5,119	3,881
<b>RECREATION AND CULTURE:</b>			
Parks and Recreation:			
Personnel services	76,231	4,203	72,028
Supplies	-	62	(62)
Other services and charges	-	42,676	(42,676)
Total Parks and Recreation	76,231	46,941	29,290
<b>TOTAL RECREATION AND CULTURE</b>	76,231	46,941	29,290
<b>OTHER:</b>			
Fringe Benefits:			
Social security	19,000	7,584	11,416
Retirement	-	-	-
Total Fringe Benefits	19,000	7,584	11,416

**Township of Munising, Michigan**

**MAJOR GOVERNMENTAL FUNDS  
GENERAL FUND**

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -  
BUDGET AND ACTUAL**

For the Fiscal Year Ended March 31, 2008

	Final Budget	Actual GAAP Basis	Variance with Final Budget Positive (Negative)
Capital Outlay	\$ 6,000	\$ 1,407	\$ 4,593
Miscellaneous	41,800	14,921	26,879
<b>TOTAL OTHER</b>	<b>66,800</b>	<b>23,912</b>	<b>42,888</b>
<b>TOTAL EXPENDITURES</b>	<b>496,581</b>	<b>354,360</b>	<b>142,221</b>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>(80,731)</b>	<b>8,932</b>	<b>89,663</b>
<b>OTHER FINANCING SOURCES (USES):</b>			
Loan proceeds	-	-	-
Transfers in	66,113	-	(66,113)
Transfers (out)	-	-	-
<b>Total Other Financing Sources (Uses)</b>	<b>66,113</b>	<b>-</b>	<b>(66,113)</b>
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>66,113</b>	<b>-</b>	<b>(66,113)</b>
<b>CHANGE IN FUND BALANCE</b>	<b>(14,618)</b>	<b>8,932</b>	<b>23,550</b>
Fund balance, beginning of year	247,026	247,026	-
<b>FUND BALANCE, END OF YEAR</b>	<b>\$ 232,408</b>	<b>\$ 255,958</b>	<b>\$ 23,550</b>

**Township of Munising, Michigan**

**MAJOR GOVERNMENTAL FUNDS  
FIRE TRUCK & EQUIPMENT FUND**

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -  
BUDGET AND ACTUAL**

For the Fiscal Year Ended March 31, 2008

	Final Budget	Actual GAAP Basis	Variance with Final Budget Positive (Negative)
<b>REVENUES:</b>			
Property Taxes	\$ -	\$ 97,212	\$ 97,212
Interest	-	2,707	2,707
Other	-	-	-
<b>TOTAL REVENUES</b>	<u>-</u>	<u>99,919</u>	<u>99,919</u>
<b>EXPENDITURES:</b>			
General Government	-	-	-
Public Safety	-	1,035	(1,035)
Public Works	-	-	-
Recreation and Culture	-	-	-
Capital Outlay	-	248,859	(248,859)
Debt Service	-	90,000	(90,000)
Other Functions	-	-	-
<b>TOTAL EXPENDITURES</b>	<u>-</u>	<u>339,894</u>	<u>(339,894)</u>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>-</u>	<u>(239,975)</u>	<u>(239,975)</u>
<b>OTHER FINANCING SOURCES (USES):</b>			
Loan Proceeds	-	248,859	248,859
Transfers in	-	-	-
Transfers (out)	-	-	-
<b>Total Other Financing Sources (Uses)</b>	<u>-</u>	<u>248,859</u>	<u>248,859</u>
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>-</u>	<u>248,859</u>	<u>248,859</u>
<b>CHANGE IN FUND BALANCE</b>	<u>-</u>	<u>8,884</u>	<u>8,884</u>
Fund balance, beginning of year	<u>91,957</u>	<u>91,957</u>	<u>-</u>
<b>FUND BALANCE, END OF YEAR</b>	<u>\$ 91,957</u>	<u>\$ 100,841</u>	<u>\$ 8,884</u>

**Township of Munising, Michigan**

**FIDUCIARY FUNDS**

**COMBINING STATEMENT OF NET ASSETS**

March 31, 2008

	Tax Collection Fund	Total
<b>ASSETS</b>		
Cash and equivalents	\$ -	\$ -
Due from other funds	-	-
<b>TOTAL ASSETS</b>	<u>\$ -</u>	<u>\$ -</u>
<b>LIABILITIES</b>		
Due to other funds	\$ -	\$ -
Due to others	-	-
<b>TOTAL LIABILITIES</b>	<u>\$ -</u>	<u>\$ -</u>

## Compliance Supplements



Anderson, Tackman & Company, PLC  
Certified Public Accountants  
Marquette, Michigan 906-225-1166  
Fax – 1-906-225-1714

Partners

John W. Blemberg, CPA

Robert J. Downs, CPA, CVA

Daniel E. Bianchi, CPA

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON  
COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL  
STATEMENTS PERFORMED IN ACCORDANCE WITH  
*GOVERNMENT AUDITING STANDARDS*

Supervisor and Members of  
the Township Board of Trustees  
Township of Munising, Michigan  
Wetmore, Michigan 49895

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Township of Munising, Michigan as of and for the year ended March 31, 2008, which collectively comprise the Township of Munising, Michigan's basis financial statements and have issued our report thereon dated August 19, 2008. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Township of Munising, Michigan's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Township of Munising, Michigan's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Township of Munising, Michigan's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider to be significant deficiencies.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Township of Munising, Michigan's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the Township of Munising, Michigan's financial that is more than inconsequential will not be prevented or detected by the Township of Munising, Michigan's internal control. We consider the deficiencies described in the accompanying report to management to be significant deficiencies in internal control over financial reporting as item 08 - 01.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the Township of Munising, Michigan's internal control.



Supervisor and Members of  
the Township Board of Trustees  
Township of Munising, Michigan

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, we believe that none of the significant deficiencies described above is a material weakness.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Township of Munising, Michigan's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described as items 08-02 and 08-03.

The Township of Munising, Michigan's response to the findings identified in our audit is described in the accompanying Report to Management Letter. We did not audit the Township of Munising, Michigan's responses, and, accordingly, we express no opinion on them.

This report is intended solely for the information and use of management, the audit committee, Township Board of Trustees, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

*Anderson, Tackman & Company, PLLC*  
Certified Public Accountants

August 19, 2008



Anderson, Tackman & Company, PLC  
Certified Public Accountants  
Marquette, Michigan 906-225-1166  
Fax – 1-906-225-1714

Partners

John W. Blemberg, CPA

Robert J. Downs, CPA, CVA

Daniel E. Bianchi, CPA

***Township of Munising, Michigan***  
***Report to Management Letter***  
***For the Year Ended March 31, 2008***

To the Honorable Supervisor and Members of  
the Township Board of Trustees  
Township of Munising, Michigan  
P.O. Box 42  
Wetmore, Michigan 49895

In planning and performing our audit of the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Township of Munising, Michigan as of and for the year ended March 31, 2008, in accordance with auditing standards generally accepted in the United States of America, we considered the Township of Munising, Michigan's internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Township of Munising, Michigan's internal control. Accordingly, we do not express an opinion on the effectiveness of the Township of Munising, Michigan's internal control.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or a combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or a combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

Our consideration of internal control was for the limited purpose described in the first paragraph and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control that we consider to be material weaknesses, as defined above. However, we identified the following deficiencies in internal control that we consider to be significant deficiencies.

**08-01 – FINANCIAL REPORTING CYCLE (REPEATED)**

**Condition/Criteria:** The monthly and year end financial reporting package as presented to the Board of Trustees is not fully compliant with generally accepted accounting principles. The general ledger is recorded on the cash basis of accounting and not on the modified –accrual basis of accounting.

**Effect:** Because the accruals are not being recorded in the general ledger prior to the audit, the financial statements are not compliant with generally accepted accounting principles.

Honorable Supervisor and Members of the  
Township Board of Trustees  
Township of Munising, Michigan

**Cause of Condition:** Failure to record accruals in the general ledger.

**Recommendation:** Smaller organizations, due to limited resources, are generally more sensitive to the cost of implementing accrual accounting and often operate on the modified cash basis.

**Management Response – Corrective Action Plan:**

- Contact Person(s) Responsible for Correction:
  - Selina Balko, Clerk
- Corrective Action Planned:
  - The Township Board of Trustees closely monitors all payments and reviews the financial statements on a monthly basis. The Board of Trustees will examine the cost-effectiveness of implementing accrual accounting on an annual basis.

**INSTANCES OF NON-COMPLIANCE**

**08-02 – UNIFORM BUDGETING AND ACCOUNTING ACT (PA621) (REPEATED)**

**Condition/Criteria:** Public Act 621 of 1978, Section 18 (1) as amended, provides that local governmental units shall not incur expenditures in excess of the amount appropriated. In the body of the financial statements, the Township of Munising, Michigan had actual expenditures and budgeted expenditures for the General Fund and Special Revenue Funds have been shown on a functional basis. The approved budgets of these funds were adopted on an activity and/or program level. During the year ended March 31, 2008, the Township of Munising, Michigan incurred functional expenditures which were in excess of the amounts appropriated as shown within the basic financial statements.

**Effect:** The Township of Munising, Michigan is not in compliance with State Law.

**Cause of Condition:** Failure to amend the budgets during the year based on the level of expenditures.

**Recommendation:** The Township of Munising, Michigan should strictly control expenditures in each governmental fund so as not to exceed the original appropriation. When this is not possible, the budget should be amended accordingly.

**Management Response – Corrective Action Plan:**

- Contact Person(s) Responsible for Correction:
  - Selina Balko, Clerk
- Corrective Action Planned:
  - The budget will be more closely monitored and budget amendments will be made accordingly.
- Anticipated Completion Date:
  - March 31, 2009

**08-03 – UNIFORM BUDGETING AND ACCOUNTING ACT (PA2)**

**Condition/Criteria:** Public Act 2 of 1968 provides the minimum information requirements to be established for a local unit of government's adopted budget for the General Fund and Special Revenue Funds, which includes an estimate of expected beginning surplus or deficit; estimate of required expenditures; estimate of revenues by revenue source; estimate of amounts needed for deficiency; estimate for contingent or emergency purposes; and an estimate of expected of expected ending surplus or deficit. For the year ended March 31, 2008, the Township of Munising, Michigan failed to adopt a budget for the Fire Truck and

Honorable Supervisor and Members of the  
Township Board of Trustees  
Township of Munising, Michigan

Equipment Fund, a Special Revenue Fund.

**Effect:** The Township of Munising, Michigan is not in compliance with State Law.

**Cause of Condition:** Failure to adopt the budget as prescribed by the State of Michigan.

**Recommendation:** The Township of Munising, Michigan should adopt a budget for all required funds.

**Management Response – Corrective Action Plan:**

- Contact Person(s) Responsible for Correction:
  - Selina Balko, Clerk
- Corrective Action Planned:
  - Budgets will be adopted for all required funds.
- Anticipated Completion Date:
  - March 31, 2009

This communication is intended solely for the information and use of the management, audit committee, Township of Munising, Michigan Board of Trustees, and others within the organization, and is not intended to be and should not be and should not be used by anyone other than these specified parties.

We appreciate and would like to thank the Township of Munising, Michigan's staff for the cooperation and courtesy extended to us during our audit. We would be pleased to discuss any comments or answer any questions regarding our audit with you at your convenience.

*Anderson, Tackman & Company, PLLC*  
Certified Public Accountants

August 19, 2008